



**State of Louisiana**  
DIVISION OF ADMINISTRATION

**OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

KATHLEEN BABINEAUX BLANCO  
GOVERNOR

JERRY LUKE LEBLANC  
COMMISSIONER OF ADMINISTRATION

June 8, 2005

Dear Sir or Madam:

Enclosed is the reporting packet that has been developed by the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP) to be used by **Internal Service** fund agencies of the state of Louisiana reporting as **Business-type Activities (BTA's)**. This format is required to be used in reporting the results of operations of these BTA's for the fiscal period ending June 30, 2005. Entities whose reporting year end is other than June 30, 2005, should prepare the statement for the fiscal period ending between July 1, 2004, and June 30, 2005. *This format is available as a Word document with embedded Excel spreadsheets for the financial statements and tables. At your request, we will email the format to you. If you prefer, this packet is available on OSRAP's website at [www.doa.la.gov/osrap/index.htm](http://www.doa.la.gov/osrap/index.htm) (select BTA without MD&A).*

The financial information for each BTA will be included in Louisiana's Comprehensive Annual Financial Report (CAFR). To assist us in publishing the State's financial report within statutory deadlines, the deadline to submit the AFR packet is **August 29, 2005**. No extensions will be granted whether you use a CPA firm to prepare your statements or prepare them in-house. Your cooperation in this matter will be appreciated.

**The format provided in this packet must be completed and included in the report you submit to OSRAP.** Some of you will use an outside auditor (or the Legislative Auditor) to complete your report. They may use a form different from the enclosed. In this situation, the enclosed packet will be a part of the auditor's report and labeled "Required Supplementary Information". Your auditor must ensure that the OSRAP financial report reflects the same information as the one prepared by the Legislative Auditor or the outside firm. The only differences will be the titles of some of the accounts and format of the statement.

If your entity incurred additional bonded debt, include copies of the amortization schedules for this debt with your packet submission.

In addition, capital assets **including infrastructure** must be reported under GASB 34. Infrastructure assets should be capitalized and depreciated over a useful life of 40 years. OSRAP's threshold for infrastructure assets to be capitalized is \$3,000,000 spent per entity per year. If your entity does not meet this threshold, the infrastructure does not need to be capitalized and depreciated.

**The financial statements and schedules should be prepared using the economic resources measurement focus and the full accrual basis of accounting, as required by GASB 34.** All financial data should be rounded to the nearest dollar. If an audit has changed your prior year ending fund balance, use that as your beginning fund balance and include a note to explain the difference.

MEMORANDUM

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June 8, 2005

Legal compliance must also be met and consequently supplementary schedules fulfilling that legal compliance must also be completed. The submitted financial packet should include at a minimum:

1. Notarized Affidavit
2. Balance Sheet as of June 30, 2005, or Fiscal Year End Date other than June 30, 2005
3. Statement of Revenues, Expenses, and Changes in Fund Net Assets for the period ending June 30, 2005, or Fiscal Year End Date other than June 30, 2005
4. Statement of Cash Flows – Direct Method
5. Notes to the Financial Statement
6. Supplementary Schedules
  - a) Schedule 1 Schedule of Per Diem Paid Board Members
  - b) Schedule 2 Schedule of State Funding
  - c) Schedule 3A-3C Schedules of Long-Term Debt
  - d) Schedule 4A-4D Schedules of Long-Term Debt Amortization
  - e) Schedule 5 Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis
  - f) Schedule 15 Schedule of Comparison Figures

Schedule 5, Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis, is required to be prepared by any entity that has a legislatively appropriated budget based on an act during the legislative session for fiscal year 2005.

The Annual Fiscal Report must be forwarded under separate cover to **both** the Division of Administration, Office of Statewide Reporting and Accounting Policy and to the Legislative Auditor's Office (Post Office Box 94397, Baton Rouge, Louisiana 70804-9397) no later than **August 29, 2005**. Be certain that copies of all reports, statements, and schedules are included. Please note the affidavits sent to the Office of Statewide Reporting and to the Legislative Auditor must both be original, signed and notarized documents.

The Legislative Auditor's Office will not send out separate affidavit forms.

If you have any questions concerning the above, please contact Ms. Katherine Porche or another member of my staff at (225) 342-0708.

Sincerely,

Afranie Adomako, CPA  
Director

AA:ps

Enclosure

\_\_\_\_\_  
(Agency Name)  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 20\_\_\_\_

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

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2	Schedule of State Funding
3a-3c	Schedules of Long-Term Debt
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5	Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis
15	Schedule of Comparison Figures

Schedule Number \_\_\_\_\_

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 20\_\_\_\_

\_\_\_\_\_  
(Agency Name)

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, \_\_\_\_\_ (Name)  
(Title) of \_\_\_\_\_(Agency) who duly sworn, deposes and says, that the  
financial statements herewith given present fairly the financial position of  
(agency) at June 30, \_\_\_\_ and the results of operations for the year then ended in accordance with  
policies and practices established by the Division of Administration or in accordance with Generally  
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.  
Sworn and subscribed before me, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Date: \_\_\_\_\_

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 20\_\_\_\_

\_\_\_\_\_  
(Agency Name)

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
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policies and practices established by the Division of Administration or in accordance with Generally  
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.  
Sworn and subscribed before me, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Date: \_\_\_\_\_



**STATE OF LOUISIANA**

(BTA)

**BALANCE SHEET**

**AS OF \_\_\_\_\_, 20\_\_**

**CURRENT ASSETS:**

Cash and cash equivalents (Note C1)	\$	
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		-

**NON-CURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		-
Total assets	\$	-

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		-

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		-
Total liabilities		-

**NET ASSETS**

Invested in capital assets, net of related debt		
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		-
Total net assets		-
Total liabilities and net assets	\$	-

The accompanying notes are an integral part of these financial statements.

Statement A

STATE OF LOUISIANA

(BTA)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED \_\_\_\_\_, 20\_\_

**OPERATING REVENUES**

Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other	_____
Total operating revenues	-

**OPERATING EXPENSES**

Cost of sales and services	_____
Administrative	_____
Depreciation	_____
Amortization	_____
Total operating expenses	-

Operating income(loss) \_\_\_\_\_ -

**NON-OPERATING REVENUES(EXPENSES)**

State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property (interest income)	_____
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	_____
Total non-operating revenues(expenses)	-

Income(loss) before contributions and transfers \_\_\_\_\_ -

Capital contributions

Transfers in

Transfers out

Change in net assets \_\_\_\_\_ -

Total net assets – beginning as restated

Total net assets – ending \$ \_\_\_\_\_ -

The accompanying notes are an integral part of this financial statement.

Statement B



## STATE OF LOUISIANA

(BTA)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED \_\_\_\_\_, 20\_\_

<b>Cash flows from operating activities</b>			
Cash received from customers	\$		
Cash payments to suppliers for goods and services			
Cash payments to employees for services			
Payments in lieu of taxes			
Internal activity-payments to other funds			
Claims paid to outsiders			
Other operating revenues(expenses)			
Net cash provided(used) by operating activities			-
<b>Cash flows from non-capital financing activities</b>			
State appropriations			
Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities			
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Operating grants received			
Other			
Transfers In			
Transfers Out			
Net cash provided(used) by non-capital financing activities			-
<b>Cash flows from capital and related financing</b>			
Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities			
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Acquisition/construction of capital assets			
Proceeds from sale of capital assets			
Capital contributions			
Other			
Net cash provided(used) by capital and related financing activities			-
<b>Cash flows from investing activities</b>			
Purchases of investment securities			
Proceeds from sale of investment securities			
Interest and dividends earned on investment securities			
Net cash provided(used) by investing activities			-
Net increase(decrease) in cash and cash equivalents			-
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of year		\$	-

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

## STATE OF LOUISIANA

(BTA)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED \_\_\_\_\_, 20\_\_

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)		\$ _____
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	_____	
Provision for uncollectible accounts	_____	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	_____	
(Increase)decrease in due from other funds	_____	
(Increase)decrease in prepayments	_____	
(Increase)decrease in inventories	_____	
(Increase)decrease in other assets	_____	
Increase(decrease) in accounts payable and accruals	_____	
Increase(decrease) in accrued payroll and related benefits	_____	
Increase(decrease) in compensated absences payable	_____	
Increase(decrease) in due to other funds	_____	
Increase(decrease) in deferred revenues	_____	
Increase(decrease) in other liabilities	_____	
Net cash provided(used) by operating activities		\$ <u>                    -</u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease	\$ _____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
<b>Total noncash investing, capital, and financing activities:</b>	\$ <u>                    -</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement C

# STATE OF LOUISIANA

(BTA)

## Notes to the Financial Statement

As of and for the year ended June 30, 20\_\_

### INTRODUCTION

The \_\_\_\_\_(BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute \_\_\_\_\_. The following is a brief description of the operations of \_\_\_\_\_(BTA) which includes the parish/parishes in which the (BTA) is located:

#### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of \_\_\_\_\_ present information only as to the transactions of the programs of the \_\_\_\_\_ as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the \_\_\_\_\_ are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

##### Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

##### Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

#### B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the \_\_\_\_\_ (BTA ) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA  
 \_\_\_\_\_(BTA)  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 20\_\_

APPROPRIATIONS

Original approved budget	\$ _____
Amendments:	_____
	_____
	_____
Final approved budget	\$ _____ -

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the \_\_\_\_\_ (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

**GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.**

The deposits at \_\_\_\_\_, 20\_\_\_\_, consisted of the following:

**As of and for the year ended June 30, 20**

3

STATE OF LOUISIANA  
 \_\_\_\_\_(BTA)

Notes to the Financial Statement

As of and for the year ended June 30, 20\_\_

must be reported for total investments regardless of exposure to custodial credit risk. Using the following table, list each type of investment disclosing the carrying amount, market value, and applicable exposure to custodial credit risk:

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent <u>Not in</u> Entity's Name</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

\* unregistered - not registered in the name of the government or entity

3. Derivatives

The institution does/does not (circle one) invests in derivatives as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:

credit risk \_\_\_\_\_  
 market risk \_\_\_\_\_  
 legal risk \_\_\_\_\_

4. Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

**STATE OF LOUISIANA**  
**(BTA)**

**Notes to the Financial Statement**

**As of and for the year ended June 30, 20\_\_**

<u>Rating</u>	<u>Fair Value</u>
	\$
Total	\$ -

**B. Interest rate Risk**

**1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.**

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$	\$	\$	\$	\$
U.S. Agency obligations					
U.S. Treasury obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual funds					
Other					
Total debt investments	\$ -	\$ -	-	-	\$ -

**2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.):**

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$	
Total	\$ -	

**C. Concentration of Credit Risk**

**List, by amount and issuer investments in any one issuer that represents 5% or more of total investments (not including U.S. government securities, mutual funds, and external investment pools).**

## STATE OF LOUISIANA

(BTA)

## Notes to the Financial Statement

As of and for the year ended June 30, 20\_\_

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____ -	

**D. Foreign Currency Risk**

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total	_____ -	\$ _____ -

**5. Policies**

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

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**6. Other Disclosures Required for Investments**

- a. Investments in pools managed by other governments or mutual funds \_\_\_\_\_.
- b. Securities underlying reverse repurchase agreements \_\_\_\_\_.
- c. Unrealized investment losses \_\_\_\_\_.
- d. Commitments as of \_\_\_\_\_ (fiscal close), to resell securities under yield maintenance repurchase agreements:
  1. Carrying amount and market value at June 30 of securities to be resold \_\_\_\_\_
  2. Description of the terms of the agreement \_\_\_\_\_



**STATE OF LOUISIANA**

**(BTA)**

**Notes to the Financial Statement**

**As of and for the year ended June 30, 20\_\_**

- \_\_\_\_\_
- e. Losses during the year due to default by counterparties to deposit or investment transactions \_\_\_\_\_
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet \_\_\_\_\_

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements \_\_\_\_\_
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year \_\_\_\_\_

Reverse Repurchase Agreements at Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest \_\_\_\_\_
- j. Commitments on \_\_\_\_\_ (fiscal close), to repurchase securities under yield maintenance agreements \_\_\_\_\_
- k. Market value on \_\_\_\_\_ (fiscal close), of the securities to be repurchased \_\_\_\_\_
- l. Description of the terms of the agreements to repurchase \_\_\_\_\_
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements \_\_\_\_\_
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement \_\_\_\_\_

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices \_\_\_\_\_
- p. Basis for determining which investments, if any, are reported at amortized cost \_\_\_\_\_
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool \_\_\_\_\_
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares \_\_\_\_\_

**STATE OF LOUISIANA**  
**(BTA)**

**Notes to the Financial Statement**

**As of and for the year ended June 30, 20\_\_**

- s. Any involuntary participation in an external investment pool \_\_\_\_\_
- t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate \_\_\_\_\_
- u. Any income from investments associated with one fund that is assigned to another fund \_\_\_\_\_

**D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

		Year ended June 30, 2005					
	Balance 6/30/2004	Prior Period Adjustment	Adjusted Balance 6/30/2004	Additions	Transfers*	Retirements	Balance 6/30/2005
<b>Capital assets not being depreciated</b>							
Land	\$	\$	\$ --	\$	\$	\$	\$ --
Non-depreciable land improvements			--				--
Capitalized collections			--				--
Construction in progress			--				--
Total capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	\$	\$	\$ --	\$	\$	\$	\$ --
Less accumulated depreciation			--				--
Total furniture, fixtures, and equipment	--	--	--	--	--	--	--
Buildings and improvements			--				--
Less accumulated depreciation			--				--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure			--				--
Less accumulated depreciation			--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets, at cost	--	--	--	--	--	--	--
Total cost of capital assets	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Capital assets, net	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**STATE OF LOUISIANA**  
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\*Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

**E. INVENTORIES**

The unit's inventories are valued at \_\_\_\_\_ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: Do not include postage. This must be shown as a prepayment.**

**F. RESTRICTED ASSETS**

Restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$\_\_\_\_\_ in the non-current assets section on Statement A, consist of \$\_\_\_\_\_ in cash with fiscal agent, \$\_\_\_\_\_ in receivables, and \$\_\_\_\_\_ investment in \_\_\_\_\_ (identify the type investments held.)

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The \_\_\_\_\_ (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

An example disclosure follows:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at \_\_\_\_\_ (fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$\_\_\_\_\_. The leave payable (is) (is not) recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the BTA are members of the Louisiana State Retirement System, a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

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All full-time BTA employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the BTA is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 20\_\_, decreased to \_\_% of annual covered payroll from the \_\_% and \_\_% required in fiscal years ended June 30, 2004 and 2003, respectively. The BTA contributions to the System for the years ending June 30, 2005, 2004, and 2003, were \$\_\_\_\_\_, \$\_\_\_\_\_, and \$\_\_\_\_\_, respectively, equal to the required contributions for each year.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.\*\*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

\*\*If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all BTA employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the BTA. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the BTA. For 2005, the cost of providing those benefits for the \_\_\_\_\_ retirees totaled \$\_\_\_\_\_.

The \_\_\_\_\_ BTA provides certain continuing health care and life insurance benefits for its retired employees. Substantially all BTA employees become eligible for those benefits if they reach normal retirement age while working for the BTA. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the BTA. The BTA recognizes the cost of providing these benefits (BTA's portion of premiums) as an expenditure when paid during the year, which was \$\_\_\_\_\_ for the year ended \_\_\_\_\_, 20\_\_. The cost of providing those benefits for \_\_\_\_\_ retirees is not separable from the cost of providing benefits for the \_\_\_\_\_ active employees. (or, The BTA's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended \_\_\_\_\_, 20\_\_ the costs of \_\_\_\_\_ retiree benefits totaled \$\_\_\_\_\_).

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**J. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year \_\_\_\_\_ amounted to \$\_\_\_\_\_.

A schedule of payments for operating leases follows: (Note: If lease payments extend past FY 2020, please create additional columns and report these future minimum lease payments in five year increments.)

<u>Nature of lease</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011- 2015</u>	<u>FY2016- 2020</u>
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

**2. CAPITAL LEASES**

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

**SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF**

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY 2025, please create additional rows and report these future minimum lease payments in five year increments.)

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Year ending June 30, :	<u>Total</u>
2006	\$ _____
2007	_____
2008	_____
2009	_____
2010	_____
2011-2015	_____
2016-2020	_____
2021-2025	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

**3. LESSOR DIRECT FINANCING LEASES**

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		_____ -		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		_____ -		
Estimated residual values of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____ -		

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2005 were \$ \_\_\_\_\_ for office space, \$ \_\_\_\_\_ for equipment, and \$ \_\_\_\_\_ for land.

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The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of \_\_\_\_\_ (the last day of your fiscal year): [Note: If lease receivables extend past FY2025, please create additional rows and report these future minimum lease payments in five year increments.]

Year ending _____:	
2006	\$ _____
2007	_____
2008	_____
2009	_____
2010	_____
2011-2015	_____
2016-2020	_____
2021-2025	_____
Total	\$ _____ -

**4. LESSOR – OPERATING LEASE**

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of \_\_\_\_\_ 20\_\_:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of \_\_\_\_\_ (the last day of your fiscal year): (Note: if lease receivables extend past FY2025, please create additional rows and report these future minimum lease payments in five year increments.)

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2006	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -
2007					-
2008					-
2009					-
2010					-
2011-2015					-
2016-2020					-
2021-2025	_____	_____	_____	_____	-
Total	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

Current year lease revenues received in fiscal year \_\_\_\_\_ totaled \$ \_\_\_\_\_.

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Contingent rentals received from operating leases received for your fiscal year was \$\_\_\_\_\_ for office space, \$\_\_\_\_\_ for equipment, and \$\_\_\_\_\_ for land.

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20\_\_:

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Amounts due within one year
<b>Bonds and notes payable:</b>					
Notes payable	\$	\$	\$	\$ --	\$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
<b>Other liabilities:</b>					
Contracts payable				--	
Compensated absences payable				--	
Capital lease obligations				--	
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	--	--	--	--	--
Total long-term liabilities	\$ --	\$ --	\$ --	\$ --	\$ --

A detailed summary, by issues, of all debt outstanding at June 30, 20\_\_, including outstanding interest of \$\_\_\_\_\_ is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send a copy of the amortization schedule for any new debt issued.)

**L. LITIGATION**

1. The \_\_\_\_\_ BTA is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation	Primary Attorney	Damages Claimed	Insurance Coverage
			\$	\$
Totals			\$	\$

The \_\_\_\_\_ BTA's legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows (would not materially affect the financial statements or is unable to estimate the effect on the financial statement):



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2. Claims and litigation costs of \$ \_\_\_\_\_ were incurred in the current year and are reflected in the accompanying financial statement.

**M. RELATED PARTY TRANSACTIONS**

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions).

**N. ACCOUNTING CHANGES**

Accounting changes made during the year involved a change in accounting \_\_\_\_\_ (principle, estimate, error or entity). The effect of the change is being shown in \_\_\_\_\_.

**O. IN-KIND CONTRIBUTIONS**

(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____ -

**P. DEFEASED ISSUES**

In \_\_\_\_\_, \_\_\_\_\_, the \_\_\_\_\_ BTA, issued \$ \_\_\_\_\_ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of \_\_\_\_\_ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ \_\_\_\_\_, plus an additional \$ \_\_\_\_\_ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated \_\_\_\_\_, \_\_\_\_\_ between the BTA and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ \_\_\_\_\_ and gave the BTA an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ \_\_\_\_\_.

**Q. COOPERATIVE ENDEAVORS**

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit

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corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2005, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance</u> <u>June 30, 2005</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2005. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2004. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2004-2005:

<u>CFDA</u> <u>Number</u>	<u>Program Name</u>	<u>State Match</u> <u>Percentage</u>	<u>Total Amount</u> <u>of Grant</u>
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)		_____	\$ _____

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**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

At June 30, 20\_\_, the \_\_\_\_\_ BTA was not in compliance with the provisions of \_\_\_\_\_ Bond Reserve Covenant that requires \_\_\_\_\_.  
The \_\_\_\_\_ BTA did \_\_\_\_\_ to correct this deficiency.

**T. SHORT-TERM DEBT**

The \_\_\_\_\_ BTA issues short-term notes for the following purposes: \_\_\_\_\_.

Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

List the type of S-T Debt (e.g. Tax anticipation notes):	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The \_\_\_\_\_ BTA uses a revolving line of credit for the following purposes: \_\_\_\_\_. Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 20\_\_, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
_____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -
_____	_____	_____	_____	_____	_____ -
Gross receivables	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Less allowance for uncollectible accounts	_____ -	_____ -	_____ -	_____ -	_____ -
Receivables, net	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____ -

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**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 20\_\_, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$	\$	\$	\$	\$
					-
					-
Total payables	\$ -	\$ -	\$ -	\$ -	\$ -

**W. SUBSEQUENT EVENTS**

[Disclose any material event(s) affecting the BTA occurring between the close of the fiscal period and issuance of the financial statement.]

**X. SEGMENT INFORMATION**

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment\_\_\_\_\_.

**A. Condensed balance sheet:**

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted; unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance Sheet:

**STATE OF LOUISIANA****(BTA)****Notes to the Financial Statement****As of and for the year ended June 30, 20\_\_**

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

**B. Condensed statement of revenues, expenses, and changes in net assets:**

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets:**

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

**C. Condensed statement of cash flows:**

- (1) Net cash provided (used) by:
  - (a) Operating activities
  - (b) Noncapital financing activities
  - (c) Capital and related financing activities
  - (d) Investing activities

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- (2) Beginning cash and cash equivalent balances  
(3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

**Y. DUE TO/DUE FROM AND TRANSFERS**

1. List by fund type the amounts **due from other funds** detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ _____

2. List by fund type the amounts **due to other funds** detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

3. List by fund type **all transfers from other funds for the fiscal year:**

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type **all transfers to other funds for the fiscal year:**

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

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\_\_\_\_\_(BTA)

Notes to the Financial Statement

As of and for the year ended June 30, 20\_\_

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets in the \_\_\_\_\_ BTA at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the current liabilities section on Statement A, consist of \$ \_\_\_\_\_ in accounts payable, \$ \_\_\_\_\_ in notes payable, and \$ \_\_\_\_\_ in \_\_\_\_\_.

Liabilities payable from restricted assets in the \_\_\_\_\_ BTA at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the non-current liabilities section on Statement A, consist of \$ \_\_\_\_\_ in accounts payable, \$ \_\_\_\_\_ in notes payable, and \$ \_\_\_\_\_ in \_\_\_\_\_.

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

The following adjustments were made to restate beginning net assets for June 30, 20\_\_.

Fund balance July 1, 2004, previously reported	Adjustments + or (-)	Beginning net assets, July 1, 2004, As restated
	\$	\$
		--
		--
		--
		--
		--
		--

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20\_\_, previously reported, must correspond to Net Assets at June 30, 20\_\_, per the information received from OSRAP.)





STATE OF LOUISIANA  
\_\_\_\_\_(BTA)  
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
For the Year Ended \_\_\_\_\_  
(Fiscal Close)

<u>Name</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	\$ _____

STATE OF LOUISIANA  
\_\_\_\_\_(BTA)  
**SCHEDULE OF STATE FUNDING**  
For the Year Ended \_\_\_\_\_  
(Fiscal Close)

<u>Description of Funding</u>	<u>Amount</u>
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

STATE OF LOUISIANA  
\_\_\_\_\_(BTA)  
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE  
\_\_\_\_\_, 20\_\_\_\_  
(Fiscal Close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

\*Send copies of new amortization schedules

STATE OF LOUISIANA  
\_\_\_\_\_(BTA)  
**SCHEDULE OF NOTES PAYABLE**  
\_\_\_\_\_, 20\_\_\_\_  
(Fiscal close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

\*Send copies of new amortization schedules

STATE OF LOUISIANA  
 \_\_\_\_\_(BTA)  
**SCHEDULE OF BONDS PAYABLE**  
 \_\_\_\_\_, 20\_\_  
 (Fiscal close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

\*Send copies of new amortization schedules

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION**  
 For The Year Ended \_\_\_\_\_  
 (Fiscal Close)

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
Thereafter	_____	_____
Total	\$ _____ --	\$ _____ --

**STATE OF LOUISIANA**  
**\_\_\_\_\_ (BTA)**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended June 30, 20\_\_**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2006	\$ _____	\$ _____	\$ _____	\$ _____ --
2007	_____	_____	_____	_____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2010	_____	_____	_____	_____ --
2011-2015	_____	_____	_____	_____ --
2016-2020	_____	_____	_____	_____ --
2021-2025	_____	_____	_____	_____ --
2026-2030	_____	_____	_____	_____ --
Thereafter	_____	_____	_____	_____ --
Total	\$ _____ --	\$ _____ --	\$ _____ --	\$ _____ --

**STATE OF LOUISIANA**  
**\_\_\_\_\_ (BTA)**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 20\_\_**

2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011-2015	_____	_____
2016-2020	_____	_____
2021-2025	_____	_____
2026-2030	_____	_____
Thereafter	_____	_____
Total	\$ _____ --	\$ _____ --



STATE OF LOUISIANA  
\_\_\_\_\_(BTA)  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
For The Year Ended June 30, 20\_\_

2006	\$ _____	\$ _____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
Thereafter	_____	_____
Total	\$ _____ --	\$ _____ --



STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES**  
**BUDGETARY COMPARISON OF CURRENT APPROPRIATION**  
**NON-GAAP BASIS**  
**June 30, 2005**

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/05	Revised Budget	Variance Postive/(Negative)
Revenues:					
Federal Funds	\$ _____	\$ _____	\$ _____ -	\$ _____	\$ _____ -
Self - Generated	_____	_____	_____ -	_____	_____ -
Other	_____	_____	_____ -	_____	_____ -
Total appropriated revenues	_____ -	_____ -	_____ -	_____ -	_____ -
Expenses:					
Cost of goods sold	\$ _____	\$ _____	\$ _____ -	\$ _____	\$ _____ -
Personal services	_____	_____	_____ -	_____	_____ -
Travel	_____	_____	_____ -	_____	_____ -
Operating Services	_____	_____	_____ -	_____	_____ -
Supplies	_____	_____	_____ -	_____	_____ -
Professional services	_____	_____	_____ -	_____	_____ -
Other charges	_____	_____	_____ -	_____	_____ -
Capital outlay	_____	_____	_____ -	_____	_____ -
Interagency transfers	_____	_____	_____ -	_____	_____ -
Debt service	_____	_____	_____ -	_____	_____ -
Other:					
Bad debts	_____	_____	_____ -	_____	_____ -
Depreciation	_____	_____	_____ -	_____	_____ -
Compensated absences	_____	_____	_____ -	_____	_____ -
Interest	_____	_____	_____ -	_____	_____ -
Other (identify)	_____	_____	_____ -	_____	_____ -
Total appropriated expenses	_____ -	_____ -	_____ -	_____ -	_____ -
Excess (deficiency) of revenues over expenses (budget basis)	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -



**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES**  
**BUDGETARY COMPARISON OF CURRENT APPROPRIATION**  
**NON-GAAP BASIS**  
**JUNE 30, 2005**

Excess (deficiency) of revenues over  
expenses (budget basis) \$ \_\_\_\_\_

Reconciling items:

Cash carryover	_____
Use of money and property	_____
Depreciation	_____
Payroll accrual	_____
Compensated absences adjustment	_____
Capital outlay	_____
Disposal of fixed assets	_____
Change in inventory	_____
Interest expense	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
Other	_____

Excess (deficiency) of revenues over  
expenses (GAAP Basis) \$           -

# STATE OF LOUISIANA

(BTA)

## COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2005</u>	<u>2004</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ _____	\$ _____	\$ -	\$ _____
Expenses	_____	_____	-	_____
2) Capital assets	_____	_____	-	_____
Long-term debt	_____	_____	-	_____
Net Assets	_____	_____	-	_____
Explanation for change:	_____			
	_____			
	_____			
	_____			

SCHEDULE 15

Information for Note C “Deposits with Financial Institutions and Investments”  
**(GASB Statement 3 Amended by GASB Statement 40)**

I. Purpose:

Note C provides the required disclosures about the governmental entities’ deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3’s category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the 3 categories for example), the total reported amounts of all deposits and investments must still be reported.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Balance Sheet (if Balance Sheet is required as part of AFR packet):

- Generally, the amounts of cash and investments on the balance sheet will not be classified exactly the way they would be classified in Note C.
- “Deposits with Financial Institutions” and “Investments” in Note C may be reported on the balance sheet using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, “Deposits” in Note C may come from several line items on the balance sheet such as “Cash in Bank” and “CD’s”, or even “Investments” (See section III below that gives further guidance on what should be considered “Deposits” in note C).
- Line items on the balance sheet may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the balance sheet may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be reported separately from the deposits in Note C.
- Each line item on the balance sheet that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. “Deposits with Financial Institutions” section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of “Deposits with Financial Institutions” (See “A” below for examples). The term “cash and cash equivalents” is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3 & 40. “Deposits with Financial Institutions” include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD’s. As stated previously, deposits for Note C may be a combination of balance sheet line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

A. Examples and/or definitions:

Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures.

(Negotiable CDs are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)

Money Market Accounts – financial institution “money market” accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.

Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:

Insured (Insurance) – deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. “Investments” section of Note C:

- Types of investments for listing investments by type definitions/examples:
  1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
  2. U.S. Government Obligations – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
  3. Common & Preferred Stock – a security that represents an ownership interest in an entity.
  4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
  5. Corporate Bonds
  6. Other (identify) – It is not appropriate to present material amounts of investments as “Other”, unless the note disclosure describes the composition of the “Other” category. The following are examples of other investments:
    - a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
    - b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
    - c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
    - d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
    - e. Private placements, such as venture capital and limited partnerships



f. Investments in real estate, annuity contracts, and direct investments in mortgages

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.

Collateralized – When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name.

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name.

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 categories of risk listed above. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

B. Custodial Credit Risk Disclosures for Investments:

Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

Category 1 – Investments that are insured (SIPC) or registered in the entity's name, or securities held by the entity or agent in the entity's name.

Category 2 – Investments that are not insured or registered and the securities are held by the counterparty's trust department or agent in the entity's name.

Category 3 – Investments that are not insured or registered and the securities are held by the counterparty or its trust department or agent not in the entity's name.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk listed above. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

C. Additional Risk Disclosures for Required by GASB Statement 40:

Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. In addition, list the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.

Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

VI. Securities as Applied to Credit Risk of Deposits and Investments:

Securities defined – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:

- a. treasury bills, treasury notes, treasury bonds
- b. federal agency obligations
- c. corporate debt instruments (including commercial paper)
- d. corporate equity instruments
- e. negotiable CD's (keyword here is negotiable)
- f. bankers' acceptances
- g. shares of closed-end mutual funds (keyword here is closed-end)
- h. shares of unit investment trusts

2. Instruments or investments that are not securities include:

- a. investments made directly with another party (such as limited partnerships)
- b. real estate
- c. direct investments in mortgages and other loans
- d. investments in open-ended mutual funds (keyword here is open-ended)
- e. pools managed by other governments
- f. annuity contracts